

Controlling International Joint Ventures from a Distance

by

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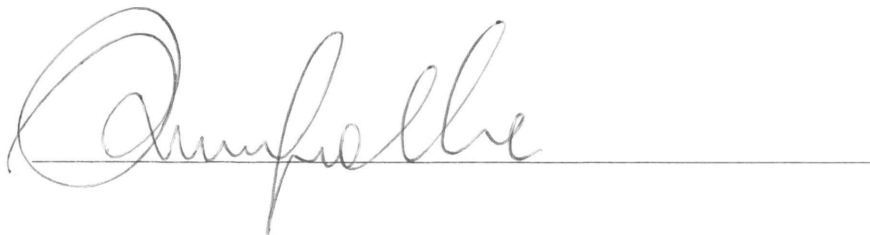
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Certificate of Authorship/Originality

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Signature of Candidate

A handwritten signature in cursive script, appearing to read "Amfelle", is written over a horizontal line.

Acknowledgements

My doctoral thesis has been a long journey. This journey commenced over twenty years ago, when I decided to settle permanently in Australia. Originally, I had never considered that I would dedicate myself to pursue and complete all levels of academia education in an adopted language. Meanwhile this journey has at times been challenging, but overall enjoyable and full of satisfaction. Many people have travelled this path with me and it is with great satisfaction and sincerity I am able to express my gratitude and thanks. I have made many new friends along the way. I respect their friendships which are more valuable to me than any formal achievements. It is an almost impossible task to mention every person who has assisted me; instead I offer my thanks to all of you for your faith in me and your sincere friendship.

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Abstract

International joint ventures (IJVs) are increasingly used as an important strategic option for pursuing international strategies. An extensive body of literature has investigated the processes leading to the formation of IJVs, parent partner's control and performance evaluation of IJVs. Issues associated with how parent companies control IJVs, the use of accounting and other information in the management control system (MCS) and to evaluate the performance of IJVs have not attracted the same attention.

This study proposes a research model to investigate (i) the effect of motives, bargaining power, international experience, involvement in other IJVs and interpartner working relationship, on parent partners' MCS choices and (ii) the effect of international experience, involvement in other IJVs, interpartner working relationship and MCS choices on IJVs performance.

A cross-sectional questionnaire was used to collect data from Australian parent partners of IJVs operating outside Australia. The research model was tested using PLS-Graph, a structural equation modeling technique.

Strong results were found supporting the research model and indicating that most of the factors investigated influence parent partners MCS choices and/or impact on the performance of IJVs.

The results confirm that bargaining power (in particular, the relative provision of critical resources) and motives have a significant effect on parent partner's choices on all dimensions of the MCS, while international experience and involvement in other IJVs have a significant effect on focus of control. The most substantial significant effect on performance was that of the state of interpartner working relationship. Involvement in other IJVs, control extent and the use of formal control also had a significant positive effect on performance, while broader control focus was found to be negatively associated with performance outcomes. Additional tests indicated that the size of parent partners of IJVs could explain some aspects of the variance in MCS choices and the impact on performance outcomes. The results also revealed multiple dimensions of IJVs performance measured as achievement of parent partners' objectives.

Robust results indicate that the model may be used as a reliable tool in future research. The research provided confirmation of prior findings and, at the same time, exploration of novel effects and relationships. Finally, the study suggested an IJV control framework model identifying different domains and levels of research to review, classify and evaluate the extant literature.

Contributions of this study provide useful indications to researchers, management, practitioners and those searching for a better understanding of issues related to control and performance of IJVs.